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ABSTRACT

The higher education appropriations cycle in Michigan is described with focus on whether the present system is fair and equitable. Two general conclusions are drawn: (1) There is strong evidence that the present system of allocating state funds for the operation of higher education institutions is not equitable in terms of support for comparable programs, and that these inequities are reflected in a higher proportion of operating costs borne by the student at some state colleges and universities. (2) The trends in state support for higher education institutions over the past few years have led to a decreased level of support in proportion to other states, and resulted in an increase in the amount and proportion of costs to the student. A continuation of these trends will result in a further curtailment of programs and services, and continued increases in cost to the student at a disproportionate rate. (Author/LBH)

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ED129191

REPORT ON THE PRESENT STATE FUNDING MECHANISM FOR COLLEGES AND UNIVERSITIES IN MICHIGAN

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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HE 008 279

MICHIGAN DEPARTMENT OF EDUCATION
May, 1976

FOREWORD

STATEMENT OF THE PROBLEM

Is the present method of appropriating state funds for operating and capital outlay purposes for public colleges and universities, fair and equitable, and adequate to meet the financial requirements of the institutions?

BACKGROUND

In his meeting with the State Board of Education in December, 1975, and further in his 1976 State of the State Message, the Governor charged the State Board of Education with the responsibility of advising him on the need for a uniform funding system for public colleges and universities.

The Governor suggested that this review might include:

1. A critique of the present funding mechanism
2. A review of alternative funding mechanisms utilized by other states, and an evaluation of the success of these mechanisms in meeting the objectives of fairness and equity.
3. Recommendations for adoption of an alternative system for allocating state funds to institutions of higher education, which would address the issues:
   a. maintaining the present system
   b. whether funding should be based on differential level of support related to institutional roles, mission, and program quality, and
   c. whether funding should be comparable for all institutions based on instructional program and level of instruction.

This report responds to the first of the concerns raised by the Governor, with a later report to provide a review of alternative funding mechanisms utilized in other states and recommendations for adoption of an alternative system for allocating funds for Michigan institutions.

SUMMARY

The report provides a description of the higher education appropriations cycle, reviews the question, "Is The Present System Fair and Equitable?," and concludes with an examination of the adequacy of state support.

General conclusions are as follows:

1. It appears that there is strong evidence that the present system of allocating state funds for the operation of higher education institutions is not equitable in terms of support for comparable programs, and that these inequities are reflected in a higher proportion of operating costs borne by the student at some state colleges and universities.
2. The trends in state support for higher education institutions over the past few years have led to a decreased level of support in proportion to other states, and resulted in an increase in the amount and proportion of costs to the student. A continuation of these trends will result in a further curtailment of programs and services, and continued increases in cost to the student at a disproportionate rate.

JOHN W. PORTER
Superintendent of
Public Instruction

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PART I

THE HIGHER EDUCATION APPROPRIATIONS CYCLE

Current System of Budget Formulation

The present system of budget development, submissions, review and appropriation for state colleges and universities is coordinated with the state fiscal year beginning July 1 of each year. The budget process and final appropriations result from the combined efforts of the institutions, the Bureau of the Budget, the Legislative Branch (House and Senate Fiscal Agencies) and the State Department of Education. Each of the four contributors to the budgetary process have staff members who perform the constitutional and administratively designated budget responsibilities for their respective agencies.

Activity Prior to Budget Submission

The Bureau of the Budget in the Department of Management and Budget issues to all agencies a set of Program Policy Guidelines (PPGs) that identify issues and priorities by state program for the coming fiscal year. The Program Policy Guidelines are issued in April of the preceding fiscal year. After issuing the Program Policy Guidelines, staff members from the Bureau of the Budget conduct informal discussions with the institutions in regard to the Governor's priorities. The institutions, after receiving the Program Policy Guidelines and having informal discussions with Bureau of the Budget representatives, submit Program Revision Request (PRRs) outlining major program changes by August. The Bureau of the Budget in September issues formal budget instructions to the institutions specifying information requirements. In August and September, the House and Senate Fiscal agencies have staff members visiting the institutions.

Submission of Budget Requests

The individual institutions submit their budget requests to the Bureau of the Budget for state appropriations in October. The base budget requests are framed in a standard Program Classification Structure format with the accompanying Program Revision Requests identified separately. The programs and Program Revision Requests are presented by object-of-expenditure. The budget requests are augmented with institutional data on enrollments, credit hours, degrees, positions, salaries and compensation. Budget requests are submitted to the Bureau of the Budget and are forwarded to the Department of Education (MDE) and to the Legislative Fiscal Agencies. The House and Senate fiscal agencies, prior to reviewing the institutional budget requests, have in the past required additional supportive information to be submitted from each institution in January.

Budget Request Review and Analysis

The Bureau of the Budget begins its review of the budgets in October. The BOB reviews changes in programs focusing upon the Program Revision Requests submitted by the institutions and examining costs by object-of-expenditure classification and by fund source. The Bureau of the Budget, after review and approval of base budget requests and program changes makes recommendations to the Governor. The information requested by the legislative fiscal agencies for submission by institutions in January is used primarily in the development of a summary for tracking net state appropriations to individual campuses. The Tracking Summary shows state appropriations to organizational units within the institutions instead of appropriations related to program structures. The House and

Senate fiscal agencies employ the tracking summary as a guide for reviewing the base budgets of institutions and budgets for program changes. The Department of Education prepares and has made independent recommendations to the Governor and Legislature on higher education financial requirements, and has supported the concept of a formula basis to emphasize equity considerations.

Executive Hearings

In November the Director of the Department of Management and Budget holds hearings with individual institutions to convey the Bureau of the Budget recommendations. After the institutions have received the Bureau of the Budget's recommendations the Governor meets with the institutional Presidents for discussions on his final recommendations.

Executive Budget

The Governor's budget is submitted in January and presents individual campus recommendations in a standard Program Classification Structure format. The format separates instruction into twelve subcategories of instruction and other elements of institutional support. Each institution's recommendation includes explanations of incremental budget changes and of historical enrollment data.

Legislative Hearings

The Senate and House fiscal committees meet with the Presidents and staff members of all the institutions in budget hearings which are held from January through April. Higher Education budget bills and hearings usually originate in the Senate. The Senate forwards the budget bills to the House where they are handled within the framework established by the Senate review staff. The Bureau of the Budget and Department of

Education staff are present during the Senate and House budget hearings. In addition to the Tracking Summary, the Senate and House committee members use issue papers and staff analyses developed by the legislative fiscal agencies.

Budget Bills

For the operating and capital expenditures of public higher education there have generally been five budget bills. The five bills are written by the Senate Appropriations Committee and address the following components:

(1) A bill for four-year colleges and universities in a modified Program Classification Strucure format. (The Governor's Executive Budget Proposal)

(2) A bill for Libraries which are separated out from General Support.

(3) A bill for Financial Aid separated from Student Services.

(4) A bill for Instruction which is disaggregated according to the organizational structure of each institution rather than by HEGIS disciplines.

(5) A bill for community and junior colleges indicating a lump sum for each campus.

Appropriation and Veto

The budget bill contains extensive control language dealing with items such as auditing requirements, information reporting and authorization of specific institutional programs. The appropriation allocates the state appropriation to the campus as a lump sum because of the constitutional status of the institutions. The legislature uses the legislative fiscal agency Tracking Summary to audit expenditures, however there is no legislative control over these budget categories. The Governor has the authority to veto line-items in the final appropriations bill, but not the authority to reduce the amounts.

SUMMARY OF APPROPRIATIONS CYCLE

Institutions

August - Submit program revision requests (PRRs) to Bureau of the Budget

October - Submit total operating budget to Bureau of the Budget

January - Formal information submission to House and Senate Fiscal Agencies

February - Provide testimony on request to hearings by joint legislative fiscal staff

March - Provide testimony on request to hearings by Senate appropriations subcommittee on higher education

May - Provide testimony on request to House appropriations subcommittee hearings

State Board of Education

December - Makes recommendations to Governor on higher education operating budgets

March - Makes recommendations to the legislature

Bureau of the Budget

April - Issues program policy guidelines to the institutions

June - Conducts discussions with institutions on Governor's priorities and visits institutions

September - Issues formal budget instructions to the institutions

October - Conducts informal hearings on PkRs at campuses

October - Reviews operating budgets submitted by the institutions and makes recommendations to the Governor

Executive Office

November - The Governor conducts hearings with institutional presidents on his recommendations

January - The Governor's budget is submitted

June - Conducts negotiations with the conference committee of the legislature

June-July - Governor signs or line-item vetoes the appropriations bill for higher education

Legislature

September - House and Senate Fiscal Agency staff visit institutions

November - Issues instructions and information requests to the campuses

January - Receive Governor's budget and review information submitted from institutions

February - Hearings held by joint legislative fiscal staff

March - Hearings held by the Senate appropriations subcommittee on higher education

April - Senate passes budget bill

May - Hearings held by House appropriations subcommittee

May - House passes budget bill

June - Budget bills sent to conference committee and negotiations are conducted with BOB

June - Legislature passes budget bill and it is sent to the Governor.

Summary

The current higher education appropriations cycle provides for annual appropriations for operation of public colleges and universities based essentially on prior year appropriations levels, adjusted for enrollment changes, inflation factors, debt service payments, and major program changes. Institutional representatives have opportunity for input through budget request data, and hearings with the Bureau of the Budget, the Governor, and the Appropriations Committees of the Legislature.

PART II

IS THE SYSTEM FAIR AND EQUITABLE?

The question of "fairness and equity" is a subjective one, and many variables and points of view come to bear in responding. There are major distinctions between institutions in this state in terms of role and mission, perceptions of program quality, instructional programs and levels of degrees, economies of scale, and maturity in terms of enrollment growth. Institutional autonomy, long an established factor in higher education in Michigan, has tended to reinforce these distinctions, all of which have resulted in wide variations in levels of state support.

In responding to the question, three broad measures were examined: Net State Appropriations on a per-student basis, appropriations per student for selected instructional units, and costs to the student in terms of tuition and fees. Although these measures do not address the question of program quality or institutional perceptions of delivery of services, it is believed some gross indications are provided upon which judgements as to fairness and equity can be based.

Net Appropriations Per Student

In reviewing net state appropriations on a per-student basis, the institutions are grouped for comparison purposes according to similar roles and scope of operation. Thus, the three major research universities are compared together, as are the five regional universities, the three state colleges and the two University of Michigan branches, and the specialized technical institutions, as shown in Table I. The term "CYES" refers to "Calendar Year Equated Student," defined as 31 semester credit hours of student enrollment reported in the calendar year.

TABLE I
(Four Year Colleges and Universities)
1975-76 NET STATE APPROPRIATION PER CYES

Institution	1975-76 Net Appropriation ($000)	CYES	Appropriation Per CYES
Michigan State Univ.	$ 88,635.9	39,340	$ 2,253
University of Michigan	108,224.0	35,045	3,088
Wayne State Univ.	71,308.4	25,279	2,820
Central Michigan Univ.	$ 21,008.8	13,728	$ 1,530
Eastern Michigan Univ.	24,685.2	15,702	1,572
Northern Mich. Univ.	13,868.9	7,524	1,843
Oakland University	13,493.1	7,731	1,745
Western Mich. Univ.	33,821.6	19,477	1,736
Grand Valley State Coll.	$ 9,211.9	5,727	$ 1,608
Lake Superior State Coll.	3,557.9	1,805	1,971
Saginaw Valley State Coll.	3,971.0	2,066	1,922
U of M - Dearborn	6,413.9	3,424	1,873
U of M - Flint	5,329.0	2,608	2,043
Ferris State College	$ 14,848.2	9,874	$ 1,504
Michigan Technological Univ.	14,163.0	5,736	2,469

AVERAGE NET APPROPRIATION PER CYES FOR ALL STATE COLLEGES AND UNIVERSITIES	$ 2,217.40
RANGE FOR ALL STATE COLLEGES AND UNIVERSITIES:	1,584.38

The 1975-76 Net State Appropriations for the three major research universities --Michigan State University, The University of Michigan, and Wayne State University-- ranged from $2,253 per CYES at Michigan State to $3,088 at the University of Michigan. This represents a differential of $835, or a funding level at the University of Michigan which is 37 percent higher overall than at Michigan State, on a per-student basis.

The five institutions considered to be regional universities -- Central, Eastern, Northern, Oakland, and Western Michigan-- ranged from a low of $1,530 per student at Central Michigan to a high of $1,843 at Northern, a difference of $313. This indicates a level of state appropriations some 20 percent higher at Northern than at Central Michigan University.

The five colleges which are cosidered to be roughly comparable in terms of operating principally undergraduate level programs are Grand Valley, Lake Superior, Saginaw Valley, and the University of Michigan branches at Dearborn and Flint. There, net state appropriations per student ranged from a low of $1,608 at Grand Valley to a high of $2,043 at the U. of M. --Flint branch. This is a differential of $435, or a 27 percent spread between the low and the high.

The two specialized technical institutions, Ferris State College and Michigan Technological University, received $1,504 and $2,469 respectively on a per-student basis. The roles of these two institutions and their programs of instruction make a comparison improper in the context of this analysis.

It would appear that the variances in the level of state support among the colleges and universities having similar roles and operating similar instructional programs is a significant one. Whether or not these variances can be accounted for in terms of differences in role and operation is questionable. At least, it appears that a further examination of the "fairness and equity" of the present system of allocating state funds to colleges and universities is in order.

Appropriations Per Student in Selected Instructional Units

The review of the 1975-76 state appropriations per student, as shown in Table II and Appendix A, is focused upon the three instructional units of business, education and instructional support. These components or units were selected because of their relative comparability, but it must be emphasized that significant differences in programs and degree levels exist between the state institutions within these three units. Thus, the selection of these three units provides a useful method of categorization for general comparison, but it is not a base for developing specific conclusions.

The 1975-76 state appropriation per student in the instructional unit of business among the three research universities ranged from $739.63 at Michigan State University to $761.16 at Wayne State University to $1,412.25 at the University of Michigan, reflecting a differential of $673. The per student appropriation for the business unit among the regional universities and state colleges ranged from $662.59 at Michigan Technological University to $1,383.70 at the Dearborn branch of the University of Michigan, with a per student differential of $721.

TABLE II
APPROPRIATION PER CYES IN SELECTED INSTRUCTIONAL UNITS

INSTITUTION	BUSINESS	EDUCATION	INSTRUCTIONAL SUPPORT	EXECUTIVE MANAGEMENT (PER FYES)
Michigan State Univ.	$ 739.63	$ 892.04	$112.69	$ 52.06
Univ. of Michigan	1,412.25	1,006.27	97.07	67.81
Wayne State Univ.	761.16	911.08	198.27	56.71
Central Mich. Univ.	714.68	726.76	87.15	66.87
Eastern Mich. Univ.	763.39	843.07	95.05	103.77
Mich. Tech. Univ.	662.59	--	186.97	28.71
Northern Mich. Univ.	821.89	665.54	212.23	100.72
Oakland University	886.43	853.26	100.06	63.65
U of M, Dearborn	1,383.70	1,231.46	157.56	112.81
U of M, Flint	891.20	1,321.34	68.17	98.73
Western Mich. Univ.	732.37	859.99	115.11	40.87
Ferris State College	695.17	1,315.54	100.37	69.08
Grand Valley St. Coll.	898.69	--	114.16	79.18
Lake Superior State C.	--	--	82.64	122.96
Saginaw Valley State C.	985.55	1,089.25	198.78	86.74

The 1975-76 state appropriation per student in the education instructional unit among the three research universities ranged from $892.04 at Michigan State University to $911.08 at Wayne State University to $1,006.27 at the University of Michigan, revealing a difference of $114. Among the regional universities and state colleges, the range for education is from $665.54 at Northern Michigan University to $1,321.34 at the Flint branch of the University of Michigan, reflecting a differential of $656 per student.

The 1975-76 state appropriation for instructional support per student among the research universities in $97.07 for the University of Michigan, $112.69 for Michigan State University and $198.27 for Wayne State University, exhibiting a difference of $101 per student. The range for instructional support per student among the regional universities and state colleges varies from $68.17 at the University of Michigan Flint Campus to $212.23 at Northern Michigan University, indicating a $144 per student differential.

The variances in the per student state appropriations for these three selected instructional units can, in part, be accounted for in terms of program and degree levels. However, the variation among comparable institutions offering similar degrees and programs merits closer examination if the issue of "fairness and equity" is to be explored and understood.

Annual Student Tuition and Institutional Budgets

For the 1975-76 Fiscal Year, the resident annual tuition and fees charged to students by state colleges and universities varied among

institutions in amount and by the percent of operating budget the student revenue represented. The review of student tuition and fees is based upon full-time student credit loads (see Table III for a detailed explanation) at current tuition and fee rates.

The tuition rates charged by the three research universities ranged from $891 (average) for undergraduates at Wayne State University to $906.50 (average) at the University of Michigan to $912.75 at Michigan State University. For graduate programs at the masters level, tuition varied from $798 at Michigan State University to $1,098 at Wayne State University to $1,162.50 at the University of Michigan. The precent of operating budget represented by student charges ranged from 28% at the University of Michigan, 29% at Michigan State University to 30% at Wayne State University.

Among the regional universities and state colleges, the annual tuition rate for undergraduates varies from $561 at Lake Superior State College to $751.25 at Oakland University. Tuition for graduate programs at masters level in these institutions ranges from $636 at Northern Michigan University to $804 at Oakland University. The percent of operating budget comprised by student tuition and fees at the regional universities and state colleges ranges from 23% at Lake Superior State College to 32% at Grand Valley State College.

A review of the percent of institutional budgets accounted for by state appropriations shows a variation from 61% at the University of Michigan to 74% at Lake Superior State College.

TABLE III

1975-76 ANNUAL TUITION AND REQUIRED FEES FOR FULL-TIME STUDENTS

INSTITUTION	RESIDENT ANNUAL TUITION (As of Winter Term) Undergraduate (31 Sem. Credits) Lower Div.	Undergraduate (31 Sem. Credits) Upper Div.	Graduate (24 Sem.Cr.) Masters	Graduate (16 Sem.Cr.) Ph.D	% OF BUDGET	% OF BUDGET FROM STATE APPN.
Michigan State University	$912.75		$798	$534	29.2%	64.0%
University of Michigan	$850.50	$962.50	$1,162.50	$1,162.50	28.7%	61.6%
Wayne State University	$855	$927	$1,098	$780	30.5%	66.4%
Central Michigan Univ.	$644.50		$676	----	31.8%	62.5%
Eastern Michigan Univ.	$646.50	$677.50	$760	----	30.8%	64.5%
Northern Michigan Univ.	$645.50		$636	----	25.6%	70.7%
Oakland University	$751.25		$804	$530	30.1%	66.6%
Western Michigan Univ.	$697.50		$732	$488	30.5%	67.4%
Grand Valley State Coll.	$697.50		$684	----	32.2%	66.2%
Lake Superior State Coll.	$591		----	----	23.3%	74.6%
Saginaw Valley State Coll.	$589		$672	----	26.4%	71.2%
U of M--Dearborn	$640		$744	----	28.2%	71.2%
U of M--Flint	$614		----	----	26.0%	72.7%
Ferris State College	$564		----	----	27.8%	63.7%
Michigan Technological Univ.	$645		$690	$522	25.2%	70.1%

A review of Tables I and III indicates that the research university with the lowest overall level of state support (Michigan State) also has the highest annual tuition rate for undergraduate students ($912 vs. $850 at U of M- Ann Arbor and $855 at Wayne State). Similarly, the highest tuition level among those institutions classified as state colleges is at Grand Valley, which also happens to receive the lowest level of state support on a per-student basis.

Summary

The net state appropriations on a per-student basis appear to vary by amounts which are difficult to explain simply on the basis of differences in institutional role and instructional offerings. The allocation amounts by specific instructional and support categories also show considerable differences in terms of the overall levels of state support, where programs might otherwise be considered to be comparable. These variances in state support levels are reflected in the amount of student tuition and fees, and in the differences in the proportion which the student pays towards the overall operating costs of the state colleges and universities.

In conclusion, it appears that there is strong evidence that the present system of allocting state funds for the operation of higher education institutions is not equitable in terms of support for comparable programs and services, and that these inequities are reflected in a higher proportion of operating costs borne by the student at some state colleges and universities.

PART III

ADEQUACY OF SUPPORT

Higher Education Finance Trends

In a recent Department of Education staff report that presented an analysis of financing trends of public baccalaureate institutions for the past decade in Michigan, the following major conclusions resulted from that study:

-From 1965-66 to 1973-74, there has been a steady decline in actual state expenditures for public baccalaureate institutions as compared to actual state general purpose expenditures from a high of 20.0% to 14.3%.

-Actual state expenditures per FYES in real terms are lower in 1974-75 than in 1973-74.

-For 1974-75, the level of state appropriations per FYES varies from institution to institution with range of $859.

-From 1965 to 1974, student tuition and fees as a source of institutional revenue increased significantly on a statewide basis from 16.9% to 22%.

Recently, the Senate Fiscal Agency performed an analysis of the trends and adequacy of Michigan appropriations for higher education for the period of 1966 to 1976. Their findings support the conclusions of the Department of Education staff report previously mentioned. In presenting evidence to support the adoption of a formula mechanism for the finance of public higher education, the Senate Fiscal Agency noted that the

decline of state appropriations to higher education during the past ten years, coupled with the growth of student enrollment, has resulted in the gradual erosion of both institutional and system quality.

The Chronicle of Higher Education, in a March, 1976 issue, published comparative, financial and state appropriation data for support to public higher education. An examination of that information for all fifty states indicates the following relative status of Michigan in its support for higher education:

-Michigan ranks 35 out of 50 in its allocation to higher education and 36 out of 50 in its appropriations per student, while being ranked 12th in tax revenue collected and 7th in its tax effort.

The complete list of Chronicle findings and explanations are in Appendix B of this report.

Summary

The analyses by the Department of Education, the Senate Fiscal Agency, and the Chronicle of Higher Education all indicate that the level of state support for higher education in Michigan has declined, in terms of the proportion of funds allocated for support of colleges and universities and in comparison to other states. Much of the revenue lost to the institutions from the decreasing state support has been made up in the form of added costs to the student. If these trends continue, it is apparent that programs and services will be further curtailed, or student costs will continue to increase at a disproportionate rate.

APPENDIX A

APPROPRIATION PER CALENDAR YEAR EQUATED STUDENT (CYES)
FOR SELECTED INSTRUCTIONAL UNITS BY INSTITUTION

INSTITUTION	1975-76 APPROPRIATION PER UNIT		UNIT CYES	APPROPRIATION PER CYES
M.S.U.	Business	$2,939.3	3,974	$ 739.63
	Education	3,836.7	4,301	892.04
	Inst. Support	4,433.4	39,340	112.69
U of M	Business	$2,052.0	1,453	$1,412.25
	Education	2,197.7	2,184	1,006.27
	Inst. Support	3,402.0	35,045	97.07
W.S.U.	Business	$1,301.6	1,710	$ 761.16
	Education	2,769.7	3,040	911.08
	Inst. Support	5,012.1	25,279	198.27
C.M.U.	Business	$ 871.2	1,219	$ 714.68
	Education	2,267.5	3,120	726.76
	Inst. Support	1,196.5	13,728	87.15
E.M.U.	Business	$1,439.0	1,885	$ 763.39
	Education	3,196.1	3,791	843.07
	Inst. Support	1,492.6	15,702	95.05
M.T.U.	Business	$ 347.2	524	662.59
	Education	77.2		
	Inst. Support	1,066.3	5,703	$ 186.97
N.M.U.	Business	$ 476.7	580	$ 821.89
	Education	1,184.0	1,779	665.54
	Inst. Support	1,453.2	6,847	212.23
O.U.	Business	$ 509.7	575	$ 886.43
	Education	1,425.8	1,671	853.26
	Inst. Support	773.6	7,731	100.06
U of M, Dearborn	Business	$ 500.9	362	$1,838.70
	Education	176.1	143	1,231.46
	Inst. Support	539.5	3,424	157.56
U of M, Flint	Business	$ 192.5	216	$ 891.20
	Education	235.2	178	1,321.34
	Inst. Support	177.8	2,608	68.17
W.M.U.	Business	$1,807.5	2,468	$ 732.37
	Education	2,710.7	3.152	859.99
	Inst. Support	2,242.0	19,477	115.11

Appropriation Per Calendar Year Equated Student (CYES) For Selected Instructional Units by Institution

INSTITUTION	1975-76 APPROPRIATION PER UNIT		UNIT CYES	APPROPRIATION PER CYES
G.V.S.C.	Business	$ 686.6	764	$ 898.69
	Education	592.4	-	-
	Inst. Support	653.8	5,727	114.16
L.S.S.C.	Business	$ 236.1		$
	Education	194.5		
	Inst. Support	144.8	1,752	82.64
S.V.S.C.	Business	$ 266.1	270	$ 985.55
	Education	233.1	214	1,089.25
	Inst. Support	410.7	2,066	198.78

APPENDIX B

COMPARATIVE STATUS OF THE STATE OF MICHIGAN IN THE FINANCIAL SUPPORT OF HIGHER EDUCATION
(Source: The Chronicle of Higher Education, 3-8-75)

A Resident population in thousands, as of July 1, 1974.	9,098
B Public and non-public high-school completions, average, 1970-71 through 1973-74, including diplomas and equivalency certificates.	143,000
C Full-time equivalent enrollment in public institutions of higher education, fall, 1975.	307,200
D State and local government potential tax revenue, in millions, determined by proportioning 1973-74 tax revenue according to a 1972 tax capacity per capita index.	5,626.2
E State and local tax revenue collected in fiscal year 1974 in millions of dollars. Taxes include individual and incorporate income, sales and gross receipts, licenses, death and gift, severance, and all other tax sources.	6,178.9
F State and local government tax revenue appropriated or levied for operating expenses of higher education.	591.8

APPENDIX B (CONTINUED)

	MICHIGAN'S NATIONAL RANK	MICHIGAN		UNITED STATES	
1 Resident student source. (B divided by A) High-school graduates per 1,000 population. These residents are the primary, but not exclusive, source of enrollment at public institutions in the state.	26	15.7	104%	15.1	100%
2 College attendance ratio. (C divided by B) Fulltime-equivalent students in public institutions of higher education per high-school graduate. This ratio measures the degree to which a state provides attractive opportunities for higher education to both in-state and out-of-state students relative to the size of its resident student source.	16	2.15	109%	1.98	100%
3 Student-enrollment load. (1 times 2) Full-time-equivalent students in public institutions of higher education per 1,000 population. For several reasons, this is only an approximate load measurement. Institutions spend state revenues for many purposes quite unrelated to student enrollment load. Also there are differences in the emphasis given by states to costly vs. less costly instruction. And the measure does not count resident students receiving state aid to attend private or out-of-state institutions.	15	618	100%	618	100%

APPENDIX B (CONTINUED)

	MICHIGAN'S NATIONAL RANK	MICHIGAN		UNITED STATES	
4 Tax capacity. (D divided by A) The potential of state and local governments to obtain revenues for public purposes through various kinds of taxes. Tax capacity here is measured by a "representative tax system" initially developed by the Advisory Commission on Intergovernmental Relations and simplified for yearly computation by Robert Reischauer. A nationwide average "rate" for each tax is applied to the local tax base.	23	618	100%	618	100%
5 Tax effort. (E divided by D) State and local tax revenue collected as a percentage of state and local tax capacity. The tax revenue collected for all states equals total tax capacity nationwide. Since, by definition, the nationwide effort is 100 per cent, the measures for the individual states indicate how they compare in tax revenue with the national average.	7	109.8%		100%	
6 Tax revenue. (4 times 5) State and local tax revenue collected per capita. Collected tax revenues represent the wealth available to states for public use. This identifies "rich" vs. "poor" states. However, some states have greater social needs and demands than others, which increases competition for funds among public programs and reduces the revenue readily available for education.					

APPENDIX B (CONTINUED)

	MICHIGAN'S NATIONAL RANK	MICHIGAN		UNITED STATES	
Furthermore, differences in the purchasing power of dollars among the states is not taken into account.	12	679	110%	618	100%
7 Tax revenue per student. (6 divided by 3) State and local tax revenue collected per full-time-equivalent student in public institutions.	21	20,100	97%	20,700	100%
8 Allocation to higher education. (F divided by E) State and local tax revenue appropriated or levied for operating expenses of higher education as a percentage of state and local tax revenue collected. This suggests the relative importance of higher education to other public services in the state budget.	35	9.6%	90%	10.7%	100%
9 Appropriations per student. (7 times 8) State and local tax revenue appropriated for operating expenses of higher education per full-time-equivalent student in public institutions. This measure suggests the financial commitment of state and local governments to supporting higher education consistent with available funds and expressed need.	36	1,930	87%	2,216	100%